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1. "Communal enterprises were formed in 1948 by a decree of the Ministry of the Interior. The growth of communal enterprises was so great, because of the liquidation of private property ownership, that control of communal enterprises was transferred to district and regional levels in 1949. A special section called the Central Inspectorate was established by the Ministry of the Interior to supervise communal enterprises. Any changes to be made had to be passed by the Central Inspectorate.

2. "The Central Inspectorate acts as liaison between the enterprises and other ministries. It is headed by the Deputy Minister of the Interior, and is composed of a group of 'experts', all men with a university education. The Inspectorate is divided into many sections, according to the kind of production involved.

3. "The Regional National Committee is directly subordinate to the Ministry of the Interior, and supervises communal enterprises in political matters. (It follows the Communist Party line closely, so political adherence to the Party is the qualifying factor for membership on the committee.) The Regional National Committee assigns production contingents.

4. "The Regional Inspectorate answers to the Regional Committee and the Regional Secretary of the Communist Party.

5. "The District National Committee: the direct management of communal enterprises is conducted by the Economic Section of the Local Committee, which is, in turn, nominated by the District National Committee. The majority of the enterprise managers are loyal Communists. The manager is responsible for all occurrences in his enterprise, despite the fact that there are experts within the enterprise; he is not responsible for tax matters, which fall under the District Tax Section of the District National Committee.

6. "Security Section: the officer of this section is a former State Secret Police

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agent, and member of the Party Secretariat. He is usually a hated man, because his duties include countering sabotage acts, publishing penal sanctions, and maintaining discipline. He is in touch with the Security Section, both from his office and his home. The Cadres Officer is under the Communist Secretary. He screens all employees; no one may be hired or fired without his permission. He is the judge in any situation involving an employee, including promotion. He is also responsible for enterprise education.

7. "The Personnel Department of an enterprise carries out orders of the Cadres Officer. It handles doctors' certificates, national insurance matters, and is responsible for bookkeeping (wages and payrolls); it drafts written agreements. (Wages and salaries are subject to approval of the Cadres Officer).

8. "The Economic Section of an enterprise is responsible for all financial matters. It is in contact with the bookkeeping office, and is always headed by a tried Communist.

9. "The Bookkeeping Section uses Fisher-Elliott machines for making surveys and summaries. A uniform accounting method is used throughout Czechoslovakian enterprises by special decree of the Ministry of the Interior. This method divides each enterprise into sections, for accounting purposes. The divisions include: 0: investment; 1: small inventory; 2: customers and suppliers; 3: expenses, etc.; 9: amortization. The function of this office is not a simple one. It operates under bank supervision. Concerned with production, it works with the Calculation Department and the Price Department of the Ministry of Industry, (without whose concurrence no prices can be established). As of 1952, the books for 1949 had still not been closed; and the reimbursement of private owners was not complete, so calculations were not realistic at that time.

10. "The Warehouse Bookkeeping Section has the complicated job of recording all movements of merchandise; packing, shipping and freight costs vary from one warehouse to another, and, thus, contribute to the variance in ultimate value of merchandise.

11. "The Wages Bookkeeping Section keeps payroll records, and withholds taxes and insurance payments. (National insurance costs 24% of wages; of this, the employer pays 13.9%, and the employee 10.1%. The premium covers sickness, old age and pensions).

12. "The Investment Bookkeeping Section surveys enterprise investments, and suggests depreciation figures for the balance sheet, subject to the bank's approval.

13. "The Planning Section was established in 1949. It fixes production plans and monthly quotas. The assignment of raw materials to an enterprise depends upon the quotas established. (There were some grotesque cases of quota fixing in the beginning; one of them involved the manager of funeral services, who was given an unrealistic quota, and could not fulfill it without committing murders.)

14. "The Legal Department, like all legal departments and courts in the country, makes a joke out of justice. It sees that those who are not considered to be loyal to the Party are persecuted. Officers in this department advise employees on matrimonial matters. They draft agreements with former owners (the formulation of which depends upon the relationship of the former owner to the Communist Party), and with national administrators, etc.

15. "The Tax Section is responsible for tax surveys, and is subordinate to the tax section of the District National Committee.

16. "The Invoice Section conducts surveys on all invoices issued by the enterprise. Enterprise invoices must be issued within three days after shipment of merchandise, or completion of work. For each day's delay after three days, the customer is allowed to deduct 0.1%. On the other hand, the supplier is entitled to ask penal sanction for an invoice which has not been paid within fourteen days of receipt. All orders placed pass through this section.

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The Purchasing Section places all orders for raw materials and equipment.

17. "The Building Maintenance Section is divided into departments which correspond to enterprise divisions. Its budgets are consistently exceeded, even by 100%, because of low productivity due to poor worker morale.

18. "The Metals Securing Section procures metals for all enterprises dealing in metals; for instance: chrome and nickel plating shops, locksmith shops, etc. It deals primarily in repairs. Material for new products is delivered through 'Kovomat', 'Technomat', 'Elektra', etc., [sic]. (The most important enterprise involving the use of metals is the electromotor industry and the generator producing industry.)

19. "The Wood Section handle all cabinet making, carpentry, and furniture shops, and especially the 'Technomat' enterprise. The worker morale in this section is as poor as the morale in the building maintenance section.

20. "The Hotel Section is divided into groups for the service of Czechoslovakian hotels, and the service of other enterprises. The section services hotels in three categories: A and B group hotels are under national administration; C group hotels are communal enterprises. The Hotel Section maintains restaurants, cafes and bars. The Hotel Section uses the free market for goods, so substantial profits are made by the communal enterprises.

21. "The Public Utility Section controls various enterprises, such as barber shops, shoe repair shops, tailor shops, upholstery shops, book stores, etc. Its main service is selling to consumers [sic]. This section controls the cleaning service in city funeral homes, outdoor advertising, and some crafts enterprises.

22. "Transportation Section: Except for the Czechoslovakian State Railways and Buses, this section had a monopoly on all transportation. The Moving Vans Section was transferred to the State Railways in 1951. (The District National Committee felt that trucks should be operated by the Czechoslovakian State Railways when fully loaded). In general, the trucks are in poor condition. They are old vehicles, of German origin, and the non-availability of spare parts renders about 50% of them out of operation.

23. "The backbone of communal enterprises are the city water supply system, and gardens maintenance. The principle behind the establishment of the communal enterprise system was the liquidation of private ownership and free enterprise. The success of the communal enterprises program depends on the extent and efficiency of State support."

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